

# Memorandum



**Date:** January 25, 2007

**To:** Honorable Chairman Bruno A. Barreiro and Members,  
Board of County Commissioners

Supplement to  
Agenda Item No. 8(A) 1(F)

**From:** George W. Burgess  
County Manager

**Subject:** Supplemental Report - Item 8A1F, "Development Lease Agreement with Tamiami Air, Inc."

The following supplemental report for item 8A1F is in response to requests made at the December 14, 2006 Regional Transportation Committee meeting while discussing a development lease with Tamiami Air, Inc. at Kendall-Tamiami Executive Airport (TMB). Specifically, Committee Chairman Carlos A. Gimenez requested an opinion from the Federal Aviation Administration (FAA) regarding the Tamiami Air lease and Commissioner Dorrin D. Rolle asked for a report detailing the delay in bringing this lease to the Board. Several factors contributed to the delay, including negotiations with Tamiami Air to negotiate acceptable lease terms.

Tamiami Air first expressed interest in Lot 36 in December 1999; however, in September 2000, Tamiami Air entered into a development lease for the lots immediately west (8.88 acres) of but not including Lot 36 (map attached). In October 2001, Falcon Trust signed a lease to develop lots east (12.85 acres) of but not including Lot 36. Falcon Trust did not express interest in Lot 36 until October 2004, which at that time was advised by MDAD staff that Tamiami Air had the right of first refusal.

While MDAD is not able to document Tamiami Air's right of first refusal, MDAD's recommendation is not predicated upon any rights Tamiami Air may have to Lot 36. MDAD stands by its recommendation to lease this 2.57-acre property to Tamiami Air for two reasons. First, MDAD's decision was based upon its interpretation of its obligations under the FAA's Grant Assurance Provision on Economic Non-Discrimination, Section 22. This FAA provision seeks to ensure that a small operator such as Tamiami Air is not excluded by other larger operators from development within Miami-Dade's system of airports. Second, MDAD's decision was intended to promote Miami-Dade's public interest. By allowing Tamiami Air to develop an additional 2.57 acres (bringing the total to 11.45 acres) compared to Falcon Trust's new development lease for an additional 18.04 acres (bringing the total to 30.89 acres), MDAD acted to promote competition to the benefit of the hundreds of users/customers at Kendall/Tamiami Airport.

MDAD also asked the FAA to review this matter and received an informal communication (e-mail) from Krystal Hudson, FAA Airports District Office Program Manager. Ms. Hudson wrote, "Regarding leasing the 2.57 acres to Tamiami Air (Lot 36), it appears that MDAD took every effort to remain fair and unbiased in allowing Tamiami Air to lease Lot 36. In reviewing the historical background, it appears MDAD's decision indeed fosters competition and promotes the airport's and public's interest." A formal letter is forthcoming.

Given that the FAA supports the lease of Lot 36 to Tamiami Air, it is recommended that the Board approve item 8A1F. It is also recommended that the Board approve item 8A1E, the lease agreement with Falcon Trust for the development of an additional 18.04 acres at TMB.

  
Susanne M. Torriente  
Chief of Staff/Assistant County Manager

## **Kendall-Tamiami Executive Airport Chronology of Tamiami Air and Falcon Trust Developments**

### ***November 2, 1999:***

Effective date of Tamiami Air development lease T-142 at Kendall-Tamiami Executive Airport with an initial term of 25 years. The lease requires an investment of \$800,000 for development of lots 33, 34 and 35 allowing for the construction of tie-downs and hangar storage for general aviation aircraft (see attached illustration).

### ***December 14, 1999:***

Memo on file referencing Tamiami Air's desire to develop lot 36 as a repair station, office space or school.

### ***September 7, 2000:***

Effective date of Tamiami Air development lease T-147 at Kendall-Tamiami Executive Airport with an initial term of 25 years. The lease requires an investment of \$200,000 for the development of a portion of lot 32 with the same use as for lots 33, 34 and 35. (This lease was amended on April 9, 2002 to allow for future development of a restaurant.)

### ***October 30, 2001:***

A lease was granted to Falcon Trust for lots 38, 39, 40, 41, and 42 to develop an fixed base operation ("FBO"). The investment requirement was \$2.14 million. Falcon Trust subsequently invested more than \$10 million.

### ***October 6, 2004:***

Falcon Trust, in a letter to an MDAD Assistant Aviation Director, expressed an interest to develop lots 36, 37, 43, 44 and 45.

### ***November 22, 2004:***

The Assistant Director (who is no longer with MDAD) responded, stating among other things as relates to lot 36, "In the event Tamiami Air relinquishes its right of first refusal or determines it is no longer interested in additional development, you will be so advised and given priority to this lot."

### ***June 15, 2005:***

In an effort to move the development forward, staff sent a letter to Tamiami Air on this date requesting that development plans and a written financial commitment be forwarded to the Department by July 29, 2005, for the 2.57-acre lot 36. Tamiami Air supplied a bank commitment letter and a drawing of a hangar overlaid on lot 36.

### ***February 9, 2006:***

Tamiami Air reaffirmed in writing its continued interest to ratify the lease.

### ***April 20, 2006:***

MDAD Property Manager established a deadline to execute the lease within 10 days of receipt in his letter dated this day. The execution date was met and the lease was delivered to MDAD Property Manager.

***April, 2006:***

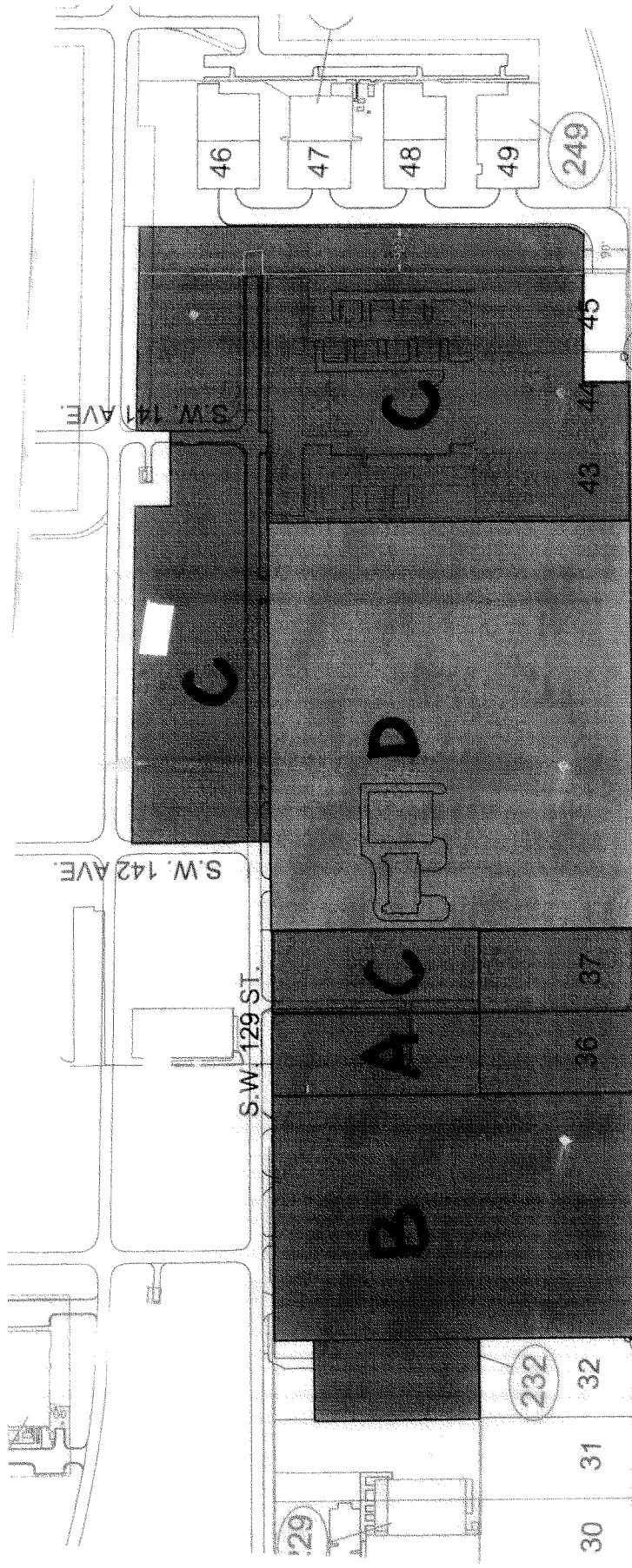
The Department established a policy requiring an assignment or transfer fee of 10% on all new development leases. The Department took this opportunity to discuss with Tamiami Air a similar clause to be placed in its lease. Several discussions were held and Tamiami Air remained unreceptive to this proposed change.

***September 2006:***

Tamiami Air sent a letter of complaint to the Aviation Director, suggesting that MDAD was trying to make changes to the terms of a lease it had already proffered, albeit not executed.

***October 16, 2006:***

MDAD met with Tamiami Air officials, including its attorney. During that meeting, it was agreed not to insert the 10% fee clause into the lease. The lease was however revised to reflect a change in rental rates, which had risen since the negotiations began, and the agreement was executed by Tamiami Air at the end of the meeting.



- LEGEND**
- A
  - B
  - C
  - D

TAMiami AIR - 112,000 SQ.FT. - 2.57 ACRES (8AIF - new lease)  
 TAMiami AIR - 386,880 SQ.FT. - 8.88 ACRES (Sept 2000)  
 FALCON TRUST - 785,837 SQ.FT. - 18.04 ACRES (8AIE - new lease)  
 FALCON TRUST - 560,000 SQ. FT. - 12.85 ACRES (Oct 2001)

WINDSOCK



N  
W + E  
S